A Planning Guidance for the Security Cooperation Community

By

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Introduction

The key word in today's business and policy environment is performance. Performance-based logistics and performance-based contracting are just a couple of new approaches you may have heard about where the focus is on results. In the Department of Defense, the security cooperation community is establishing a reputation as leaders in the area of performance. The Defense Security Cooperation Agency (DSCA) and its partners within the military departments have tied performance to the budget process with the initiative known as performance based budgeting (PBB). PBB represents an exciting means of transformation for the entire community. It gives us the tools to achieve transformation by focusing on results, and helps gain the insight necessary to connect the budget process to strategy, planning and performance.

In the last edition of the *DISAM Journal*, 24:2, pp 57-64, Lieutenant General Walters, USAF, Director of Defense Security Cooperation Agency, wrote that his agency was dedicated to the development of performance based budgeting and performance based costing (PBC) as tools to improve the resource allocation process. You can get an appreciation for his commitment to PBB and PBC by a glance the DSCA web site, http://www.dsca.osd.mil/ and link to DSCA *Performance Based Budgeting*. This article introduces a complementary effort to apply the rigors of planning and programming via the publication of a *Defense Planning Guidance* for the security cooperation community.

Performance is a significant part of the U.S. government's recent efforts to adapt e-business solutions to streamline government and make it more responsive to its citizens. General Walters mentioned the *Government Performance and Results Act (GPRA) of 1993* that encouraged and in some ways mandated a results-oriented culture of performance. This theme was updated last year in an Office of Management and Budget (OMB) circular called *The President's Management Agenda*. The President's introduction announces his "bold strategy for improving the management and performance of the federal government." ¹ The document states that success depends not on declaring new programs, but on completion, performance, and results. It gives fourteen areas of improvement, five government-wide and nine agency-specific program initiatives. It emphasizes the vital importance of an empowered workforce, making the most of the knowledge, skills, and abilities of our people. Expected results include: "Standard, integrated budgeting, performance, and accounting information systems at the program level that would provide timely feedback for management . . . to improve financial performance." ² In short, PBB and a clear picture of our programs are the way to go.

The Need For Planning And Programming

Translating resources into actions requires, first of all, a clear statement of what the we want to achieve. As one observer wrote: "If you don't know where you're heading, any road will get

¹ Office of Management and Budget Circular A-11. *The Executive Office of the President*, Office of Management and Budget, August 2001:p:1

² Ibid, p:30

you there." We know where we are heading. Our budget process uses planning and programming to lay out a road map to connect our mission and vision, strategy, and priorities and turn them into goals. This permits us to develop not just a budget, but also a performance-based management approach that makes sure our resources are aligned to accomplish those goals.

In January 2002, Lieutenant General Walters approved the *Defense Security Cooperation Agency Defense Planning Guidance*, for fiscal years 2003-2007. This document kicked off the annual planning and programming cycle. It emulates the approach taken by the Secretary of Defense, articulated in his *Defense Planning Guidance*. This is a key part of the Planning, Programming, and Budgeting System, commonly known as PPBS. By taking the best aspects of both PPBS and PBB and applying them to the business of foreign military sales (FMS), the DSCA planning guidance sets a common direction for the entire security cooperation community.

The DSCA planning guidance incorporates broad direction from the Secretary of Defense's own *August 31, 2001 Defense Planning Guidance* and the *Quadrennial Defense Review (QDR)* released in September 2001. It discusses our strategic vision, sets out principles to guide our activities, and presents specific goals for the business side of the security assistance program. It concludes with programmatic priorities and a detailed guidance on constructing budgets for fiscal years 2003 and 2004. The following is an overview of the main elements.

Vision - the Strategic Context

The goals of security cooperation are set against a backdrop of an evolving, yet still dangerous, global security environment. From the QDR, the Department of Defense strategic framework is built around four policy goals:

- Assuring allies and friends
- Dissuading future military competition
- Deterring threats and coercion against U.S. interests
- If deterrence fails, decisively defeating any adversary.³

Security cooperation should build those capabilities and cooperative relationships that support U.S. defense policy goals and, in the more immediate term, enable a sustained, multilateral campaign against international terrorism. Our environment is characterized by the following:

Global Context - A Changing World

America's goals are to promote peace, sustain freedom, and encourage prosperity. This includes sustaining an international system that is respectful of the rule of law and contributes to peace through a network of alliances and friendships. Our changing world involves new military and geopolitical trends: a diminished protection afforded by geographic distance, the volatile mix of rising and declining regional powers, the threat of weapons of mass destruction, the vast distances involved in key regions, access to key resources around the world such as Middle East oil, increasing challenges and threats emanating from the territories of weak and failing states, states with ungoverned space, and a diffusion of power and military capabilities to non-state actors. Since the attacks of September 11, 2001, threats of international terrorism have taken on special significance.

³ Quadrennial Defense Review Report, 30 September 2001, p:11.

Globalization

We are witness to an acceleration and increased interconnectedness of the economies of the world, with implications for global stability. The resulting acceleration and shrinking of the globe mean that events around the world do not happen in isolation anymore. It is difficult to decouple economic interests from security issues. The fast pace of events demand our knowledge, understanding and prompt response, in this closely linked security environment.

An Overseas, Forward Presence

United States defense strategy calls for sustaining regionally-tailored, forward stationed and deployed forces to assure allies and friends, to deter aggression and coercion, to dissuade adversaries from pursuing threatening ambitions or military programs and, if necessary, to defeat any adversary decisively. Security cooperation should seek to influence the behaviors of a wide array of potential adversaries and develop the capacity of allies and friends to ensure regional stability.

Strengthening Alliances and Partnerships

Often the elements of security cooperation are among the most practical and visible signs of our support for, and involvement with, other nations and their military services and decision makers. In time of peace especially, it is through activities such as site surveys, the development of new systems, reviews of on-going programs, mobile training teams, or the day-to-day contacts of the security assistance officers in-country that positive interactions take place. This interaction leads to improved understanding between nations, support for emerging democracies, effective military-to-military contacts, improved defense capabilities for our allies and friends, and the ability to train and operate together when necessary.

Figure 1 The Goals of Security Cooperation

- Assure dominant coalitions
- Achieve and enhance influence
- Contribute to the execution of U.S. policy
- Gain regional access and access to decision makers
- Build relationships and military-to-military contacts
- Acquire the right systems for allies and friends
- Develop a broad portfolio of coalition military capabilities
- Capitalize on rapid technological developments
- Prevent proliferation of technologies and weapons into the wrong hands
- Align goals and resources to carry out the job efficiently
- Use a performance-based management system to make resource decisions

Figure 2 The Tools of Security Cooperation

- Security assistance, including foreign military sales and foreign military finance
- Support for direct commercial sales
- · High level visits
- International military education and training, to include rule of law
- Support for cooperative agreements
- Excess defense articles
- Drawdowns
- Humanitarian civic assistance and demining
- Coordinate issues pertaining to disclosure and licensing
- Enhanced international peacekeeping capabilities
- · Waiver authorities
- Financial options

Overarching Goals

The broad goals of security cooperation are shown in Figure 1. As we work to achieve these goals, security cooperation offers policymakers and the combatant commanders a very useful tool kit made up of a full range of programs and procedures shown in Figure 2.

Call for Action

The DSCA planning guidance lists a range of principles to guide our activities and contribute to establishing a common direction. Two themes are key here. First, we assist allies and friends in obtaining defense goods and services to bolster their own military capabilities. Second, we work toward identifying and building those capabilities that current and future coalitions require.

In our support for U.S. policy, it is important to recall that there is a national security aspect to all that we do. It is necessary first of all to understand the what and the why of our business. The first step is to establish why foreign procurement of a U.S. system or service is needed. With that in mind, including concerns for protection of sensitive technologies and information, we can address what needs to be done, and do it right.

We can support U.S. policy and achieve coalition capabilities in a variety of ways:

- Support Combatant Commander Theater Security Cooperation Strategies. Under the guidance of a Secretary of Defense Security Cooperation Guidance, the Combatant Commanders will be developing Theater Security Strategies for their theaters. DSCA and the military departments can engage with the combatant commanders and the Joint Staff to understand and support those country and regional priorities.
- Identify and Deliver the Right Goods and Services. Certainly we rely on close liaison with our international partners. Contacts in-country via our security assistance officers (SAO),

and here in the U.S. with their national representatives help contribute to meeting their needs and enhance coalition-building, as well as assure compliance with U.S. regulations. Depending on the nature of the alliance in each region of the world and what mechanisms or institutions are set up to deal with these issues, we must consider how security cooperation can support regional goals. Good communications are essential between region and policy offices, desk officers, weapon/platform experts, as well as the security assistance officer's. Good interagency coordination helps achieve the right balance and provides good advice in both a military and policy sense.

- Support Cooperative Programs. The goals of security cooperation are greatly enhanced by programs involving cooperative research, development, production and support. These efforts contribute to the harmonization of requirements between the United States and its allies and friends. Our staffs, at DSCA and the military departments, need to support DoD's Office of International Cooperation and other organizations to identify cooperative solutions.
- Engage in Releasability and Licensing Issues. Releasability and licensing decisions can be vital aspects of any sale or transfer of defense equipment or services. First of all, we must ensure that our personnel are familiar with licensing and the various releasability processes, e.g., National Disclosure Policy, Low Observable Vetting, etc. Second, our personnel should establish and maintain close relationships with organizations such as the Defense Technology Security Administration, National Disclosure Policy Committee, and others. Third, DSCA should take a proactive role, when appropriate, in the development of releasability and licensing decisions. To further security cooperation objectives, releasability questions should be addressed early to minimize any negative impacts on security cooperation programs.

Other technology control programs require our attention, such as the Missile Technology Control Regime and End-Use Monitoring (EUM). End-use monitoring covers government-to-government transfers of defense articles, defense services, and related technologies. End-use monitoring is implemented via DoD's Golden Sentry program. This program helps ensure that U.S.-origin defense exports are sent only to the country of ultimate destination for the authorized official end-use, by that government recipient end-user, and that they continue to be used for the approved end-use.

- Responsive in Time of Crisis. The effectiveness of coalitions depends upon timely resupply, especially in munitions. In time of crisis, the services will stand up a rapid response cell to take quick action to procure needed ammunition and other key supplies. Shortages, especially in precision-guided munitions, must be resolved to achieve the right balance between U.S. requirements and the needs of allies.
- Achieve Command, Control, Communications, Computers and Intelligence (C4I⁴) Interoperability. Successful coalitions demand effective command and control. Communication and good "situational awareness" are essential, in conflict or peacetime. Without interoperable systems or common standards for command, control and communication (C3), the success of any coalition operation is in jeopardy. Further, recent operations prove once again that battlespace management, reconnaissance, intelligence, and electronic warfare are keys to victory.

We should see that our people understand the unique rules regarding releasability of C4I⁴ systems and components. We should ensure that commercial options offered to allies and friends do, in fact, achieve the proper C4I⁴ interoperability. Although direct commercial sales (DCS) may be the vehicle for the sale of command and control equipment, our offices need to take steps to ensure that industry provides fully operable, secure systems. The goal is end-to-end interoperable communications for coalition forces.

- Train the Security Cooperation Workforce. A competent and professional workforce is vital to our success. We must pursue initiatives that contribute to a workforce composed of high-quality and dedicated people who possess the right combinations of knowledge and skills. Workforce training needs to keep pace with innovations in security cooperation. In the area of automation, for example, as we develop and field information technology and information management systems, the right kind of training must be made available so that our people understand and embrace these tools, not just to make data entry easier, but to provide better customer service and better program management.
- Support Foreign Military Sales and DCS. The two vehicles for the sale of defense articles and services to foreign countries and international organizations are foreign military sales and direct commercial sales. Each has its advantages for the customer. Combinations of FMS and DCS can also lead to success. There are many examples of programs in the past that have met the host country's requirements through a combination of contractual and government-to-government agreements. Such hybrid solutions may also involve the use of cooperative memorandums of understanding to foster research, development, production and life cycle support. A hybrid approach expands our ability to meet the country's needs, while allowing better flexibility yet assuring U.S. involvement and project oversight, where warranted.
- Consider International Aspects in U.S. Acquisition. We need a clear and coordinated message of advocacy for U.S. acquisition programs. There needs to be a connection, where appropriate, between domestic programs intended for U.S. forces, and the possibility of foreign participation and purchase, where that is in consonance with U.S. policy. This type of advocacy is a complex balance of U.S. policy in the region, U.S. and coalition warfighting capabilities, control of advanced technologies, cost of acquisition, support for the U.S. industrial base, and benefit to the U.S. economy. Certainly U.S. policy and regional stability remain paramount. The objective is to be forward leaning in the search for options for possible U.S. solutions to the requirements of other nations.

As far as foreign participation, not only are international programs a good idea, they are mandated by DoD. The DoD 5000 series acquisition regulations place emphasis on the use of allied systems and equipment, the interoperability of equipment with allied governments and coalition partners, and on allied participation in DoD acquisition programs through cooperative development and production, and through sales of U.S. equipment. Also, we must lend support to service acquisition priorities, including those of the U.S. Coast Guard within the Department of Transportation. The military departments have their own goods and services to offer, as they represent service-unique strengths and capabilities for which they are the experts; or as they see opportunities for new programs to fulfill foreign requirements.

• Work with Industry. Close liaison with the U.S. defense industry helps support U.S. objectives and is of mutual benefit. A teaming relationship helps gain insight into the procurement or logistical needs of allies and friends. Moreover, it helps us understand the full range of defense articles and services that are available, supports the U.S. industrial base, and achieves the acquisition goals discussed above. The restructure of the U.S. defense industry over the last decade has resulted in the consolidation of most major systems into a single source. Foreign defense industries have become major competitors for foreign military sales and often enjoy quasi-governmental support. Multinational identities such as within the European Union lend a regional identity and advocacy to systems. Issues like offsets, the desire for local employment, national pride, or the skills, talents and innovation of each national partner are all at stake. The security cooperation community can work closely with U.S. industry to understand the current environment. In coordination with the regional commander in chief and other U.S. agencies, foreign military sales and direct commercial sales can respond to foreign requirements and support U.S. policy.

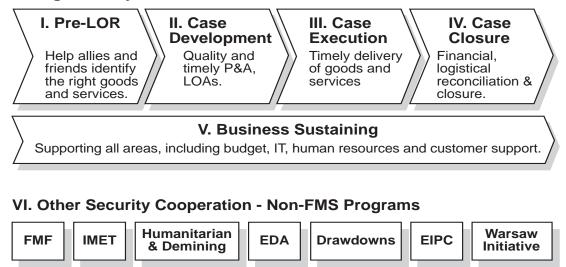
- Provide for System Life Cycle Support. The complete life cycle of systems must be taken into consideration. We should apply technological improvements and the application of commercial best practices to modernize our advocacy of the total package approach to the sale and transfer of systems. Sustainability and maintainability are important aspects to the successful sale or procurement of systems by our foreign customers. Related aspects such as logistics, repair, training, software upgrades, modifications and other services must be considered in the early phases of any program.
- Maintain a Strong Customer Focus. As we transform the business of FMS and related processes, we must retain a strong customer focus. In our work supporting the international customer, four themes should be kept in mind:
- Responsiveness. Respond promptly and professionally to our customers and their needs and requests. Help our international customers break the code on what is done and who does it. DSCA's new *Electronic Customer Guide*, located on the DSCA web site, www.dsca.osd.mil, goes a long way in this regard.
- Participation. Where possible, encourage foreign customer participation in the definition of requirements, letter of offer and acceptance development, contracting, program management, etc.
- Visibility and Transparency. Visibility and transparency can lead to the elimination of unnecessary steps and reduced frustration on the part of the customer. Our foreign military sales customers desire increased process transparency, especially in financial matters, to assure their own government that they are getting value for money.
- Standardization. Concurrent with efforts to streamline and simplify our processes, pursue changes that make things easier for others: common terms, common steps, consistent charges, clear and common regulations, etc.
- Streamline Business Processes. Although national security and foreign policy motivate our activities, security cooperation, foreign military sales especially is a large business. We can apply the best of commercial and information technology innovations to improve the business aspects of FMS and other activities. We continue to streamline our business processes to lower total effort and raise productivity. And, initiatives such as the Case Execution Management Information System are underway to put more information in the hands of our foreign military sales customers quicker and expand the use of web-based technology. In short, as Lieutenant General Walters stated clearly at the September 2001 Security Cooperation Conference, we need to go all electronic.

Sharpening the Tools of Security Cooperation

In his article on PBB, Lieutenant General Walters used the construct of core functions, which, as he said, parallel our foreign military sales business life cycle. The diagram at Figure 3 is another way to look at these core functions. The planning guidance relies heavily on this same construct. As with the budget process, the functions are a useful way to think about our business processes and our programming goals. It allows us to assess discrete areas of activity, as we examine the steps of our production line and work to streamline and achieve greater effectiveness. The DSCA planning guidance basic document assigns specific goals for fiscal year 2003 and for planning and programming over the future years defense plan, arranged by core function.

Figure 3

Foreign Military Sales



Foreign Military Sales Transformation

Anyone listening at all to priorities for the Department of Defense in recent months understands the emphasis on transformation. The Secretary of Defense has said that the Department of Defense must transform its business processes and infrastructure to both enhance the capabilities and creativity of its employees and free up resources, as well as support the transformation of military capabilities. This includes streamlining the organization and modernizing our approach to business information.

Transformation means the transition from legacy to new information management systems, using information technology to implement innovative approaches to how business is done. We are able to not just automate outdated paper processes as one government spokesman put it, but can rethink the process as it can be done better electronically. The elements of foreign military sales transformation include:

- Performance-Based Management (PBM). The overall objective of PBM is to align our activity and resources to support our guiding principles. PBM is a broad tool to evaluate resource allocation during the planning, programming and budget process. PBM combines the tools of the following:
- Performance Based Costing (our term for Activity Based Costing with performance objectives).
 - The application of programming to assess individual activities.
 - The use of performance measures to assess our efforts and improve them.
- Business Process Reengineering (BPR). The objective of BPR is to foster innovation and transformation through a structured approach. BPR within security cooperation follows the example of the DoD Business Initiatives Council, which was established in July 2001 to improve the business operations for DoD through a wide array of short quick hit and long-term initiatives, and reallocate savings yielded by such initiatives to higher priority efforts. Drawing upon all the

good work done to date, this is not reinvention or a general call for ideas. The goal of BPR is to foster innovation and facilitate change to make our business processes better, faster, cheaper, and/or more responsive to the customer(s).

Conclusion

Lieutenant General Walters used the following memorandum to forward the Planning Guidance. It is a clear statement of his intentions for security cooperation:

"I am forwarding the DSCA Planning Guidance for your information and action. This document begins the performance-based budget cycle for fiscal years 2003 and 2004. In addition, it sets out overall guidance and principles for our community. It constitutes, in the terms of the Secretary of Defense's own Defense Planning Guidance, the security cooperation 'transformation road map.'

My goal is to strengthen the linkage between the goals of our community and the alignment of our resources. I am committed to:

- Supporting the policy objectives of the United States and the Combatant Commanders by deliberately engaging in export sales (both direct commercial and FMS), releasability and licensing issues, cooperative programs, and life-cycle support.
- Developing a competent, professional, and high-quality workforce through our workforce initiatives.
- Combining the tools of programming, performance-based costing, and performance measures to give us the means for performance-based management."

General Walters' words can help all of us see our jobs within the broader strategic context and determine how our daily efforts can best contribute. We can expect to hear more about the use of PBB and PBC, along with planning and programming, as we develop innovative ways to improve the management of security cooperation.

About the Author

Thomas Keithly is a member of the new Programs Division at the Defense Security Cooperation Agency, working to develop a planning and programming approach to foreign military sales and related resources. Previously he worked in security assistance at the Navy International Programs Office where he completed his naval career. His specialties were surface warfare and nuclear propulsion. He is a 1972 graduate of the U.S. Naval Academy and recently completed a Masters of International Service at the American University.

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